

MONTANA Economy at a Glance

JULY 2008

EMPLOYMENT BY INDUSTRY

(Does not include self-employed or agricultural employment)

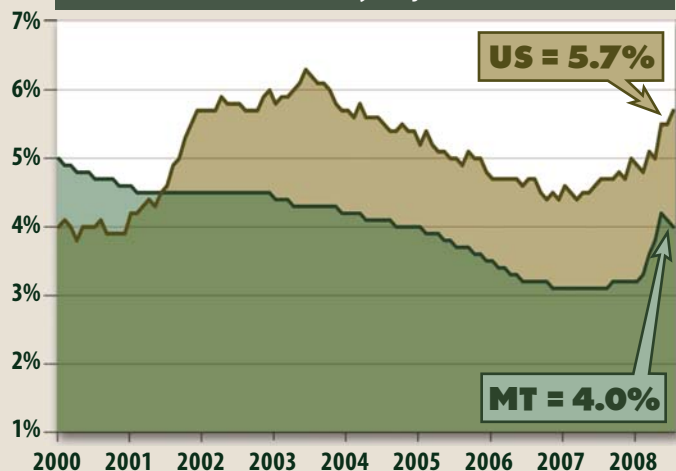
Industry Employment (in thousands)	July(P) 2008	June 2008	Net Change	Percent Change
Total Non-Agricultural	450.2	449.9	0.3	0.1%
Natural Resources & Mining	8.4	8.4	0.0	0.0%
Construction	31.6	31.9	-0.3	-0.9%
Manufacturing	20.3	20.5	-0.2	-1.0%
Trade, Transportation, & Utilities	93.5	93.5	0.0	0.0%
Information	7.8	7.8	0.0	0.0%
Financial Activities	22.1	22.1	0.0	0.0%
Professional & Business Services	40.8	41.1	-0.3	-0.7%
Education & Health Services	61.0	60.7	0.3	0.5%
Leisure & Hospitality	59.5	59.8	-0.3	-0.5%
Other Services	17.6	17.9	-0.3	-1.7%
Total Government	87.6	86.2	1.4	1.6%

(P) denotes preliminary figures

Montana's seasonally-adjusted non-agricultural payroll employment increased by 300 jobs (0.1%) from June to July 2008. By far, the largest gains occurred within Total Government, with 1,400 (+1.6%) jobs added over the month. Education and Health Services also saw an increase, adding 300 (+0.5%) new jobs.

UNEMPLOYMENT RATE

Seasonally Adjusted



Montana's seasonally-adjusted unemployment rate dropped to 4.0% in July 2008 from 4.1% in June. Meanwhile, the U.S. rate rose to 5.7% from 5.5% over the month.

NON-FARM EMPLOYMENT

In Thousands



Research and Analysis Bureau

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American Indians in Montana: An Underutilized Labor Pool

By Aaron McNay,
Economist



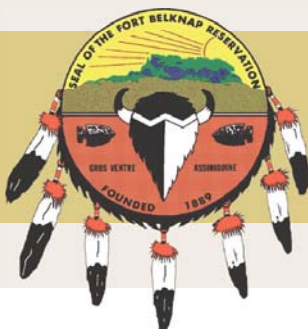
Locating qualified workers in Montana is going to become an increasingly difficult task. With a low unemployment rate, Montana is already having difficulty filling many positions throughout the state. This problem is not going to disappear either. Montana's aging population is leading to an older labor force. As this process continues, the labor force will actually start to decrease. Some estimates predict that this process could occur as early as 2013.¹ As this takes place, businesses in Montana will need to locate new sources of workers to meet their labor needs.

Even with the tight labor market, many potential workers in Montana remain outside the labor market. Encouraging increased labor force participation from these outside workers is one potential source of new workers. Due to its size and age distribution, the American Indian population is a very attractive source of such workers.

American Indians are the second largest ethnic group in the state of Montana, comprising 6.3% of the population. With more than 17,800 workers,

American Indians are the second largest ethnic group in the state of Montana

comprising 3.5% of the labor force, they are also a significant component of Montana's workforce.² However, American Indians are also less likely than the general population to participate in the labor force, with a participation rate below 60%.





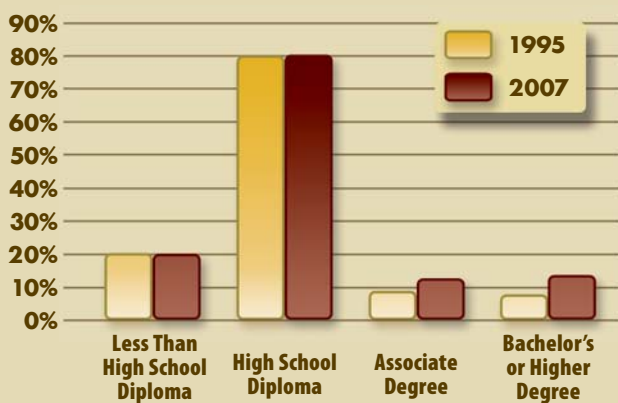
The American Indian Population

The American Indian population is concentrated in and around seven reservations located throughout Montana. Each reservation is a sovereign nation governed by its respective tribe or tribes, with economies primarily focused on agriculture and natural resources.³ Unemployment rates for American Indians living on these reservations are significantly above the statewide average, which, in combination with labor force participation rates below 60%, are indications of an underutilized potential labor pool.

One of the greatest strengths of the reservations is the availability of post-secondary institutions. Each reservation has its own tribal college that provides vocational training and various degree programs. These institutions are a major contributing factor in the growing number of American Indians receiving post-secondary training. As of 2007, 26% of American Indians over 25 years old in Montana have some type of a college degree (Figure 1). This is a considerable increase from 1995, when only 16% of this population had a post-secondary education.

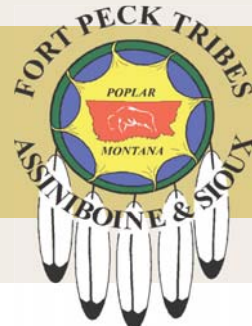
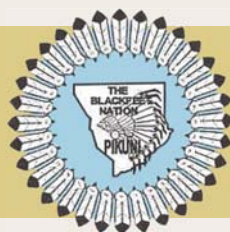
Over the same period, the proportion of the American Indian population without a high school diploma remained stable at 20%. This lack of change in workers without a high school diploma indicates that some portions of the American Indian population are not advancing academically with the rest of the population. Given the importance of human capital in the 21st century, continuing growth in post-secondary educational attainment is necessary for American Indians to remain competitive in the 21st century economy.

Figure 1: American Indian Educational Attainment in Montana (25 years and older)



Source: Current Population Survey, U.S. Census Bureau

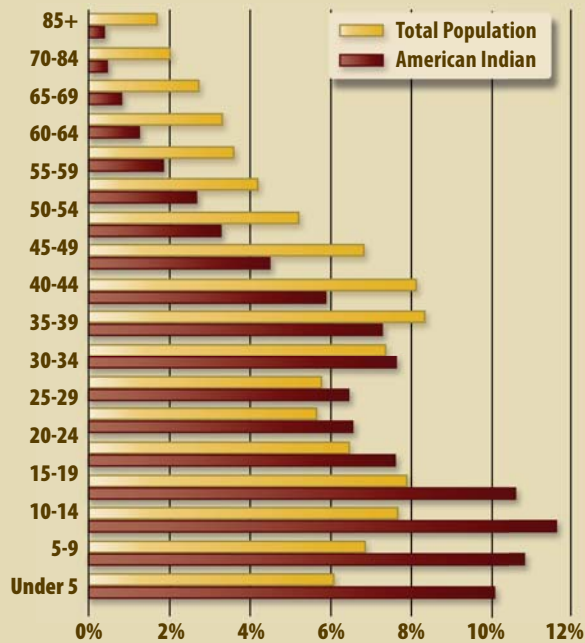
When compared to the rest of the state, the American Indian population has a significantly younger population. In 2000, about 20% of the total population in Montana was younger than 16 and not old enough to participate in the labor force (Figure 2). At the same time, more than 30% of the American Indian population was too young to be part of the workforce. This difference in the age distribution contributes to a lower representation of American Indians in the labor force. However, the age distribution is not the sole cause of the labor force disparity. American Indians old enough to work





constitute nearly 5.3% of the working age population, but only 3.5% of Montana's labor force. This difference indicates that there are additional structural factors leading to a disparity in labor force participation.

Figure 2: Population Distribution in Montana



Source: 2000 Decennial Census, U.S. Census Bureau

American Indians and Montana's Economy

Montana's unemployment rate is only now beginning to rise above record low levels, and businesses are struggling to locate new sources of qualified workers. As this process continues and Montana's workforce gets older, businesses will need to attract new workers to meet their labor needs. Businesses that are willing to address and overcome the chal-

lenges that exist in attracting American Indian workers will gain access to one of the largest underutilized labor pools in the state.

Attracting American Indians into the workforce requires businesses to address the unique difficulties this group faces. With over half of the American Indian population living on reservations, locating near or on a reservation is critical. Being in close proximity makes it possible to employ individuals who wish to stay on the reservation or are unable to relocate. Just as high transportation costs can prevent workers from moving for a job, it can also prevent people getting to and from work. Providing transportation options to employees, such as carpooling or a shuttle service, would provide access to currently unavailable labor pools. With over 30% of the population below 15 years old, many families have children and may not be able to afford to leave the home. Offering childcare at work would provide a means for many parents to enter the labor market.

Finally, the American Indian population continues to make strong progress in improving post-secondary education attainment. However, nearly 20% of the American Indian population is currently without a high school diploma. Providing educational assistance to this segment of the population would not only increase the number of qualified workers, but also provide incentives for increased labor force participation in the form of higher wages (Figure 3). Mitigating these difficulties are several possible steps that businesses can make to attract American Indian workers in Montana.

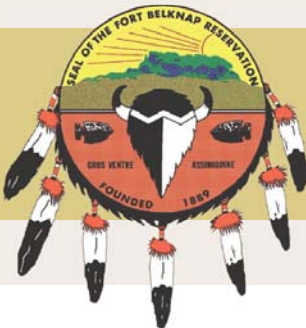
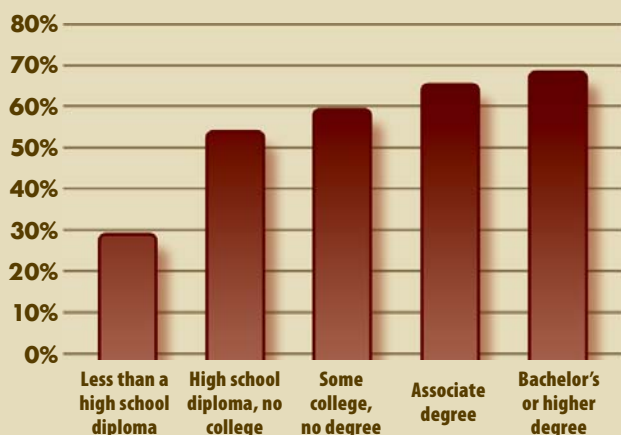




Figure 3: Average Labor Force Participation by Educational Attainment in Montana, 1999-2007



Source: Current Population Survey, U.S. Bureau of Labor Statistics

Conclusion

Locating qualified workers is going to be an ongoing challenge for businesses in Montana. Currently, Montana's unemployment rate is significantly below its historical level. If trends continue, this shortage of qualified workers is only going to get worse, with potential declines in the labor force by 2013. Locating and utilizing workers who are not currently part of the labor market is one method of mitigating the problem of an already tight labor market. Montana's American Indian population is one of these sources. Their strong educational attainment and young population will provide quality workers today and into the future.

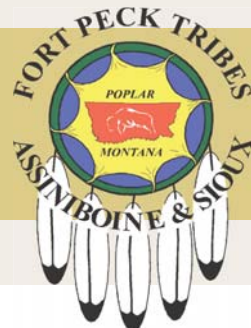
Not all businesses will be able to capitalize on the American Indian labor pool. Fortunately, there are other potentially underutilized sources of labor to

attract. As the population gets older, seniors will become an increasingly attractive source of workers. Ex-offenders and high school dropouts are additional sources of available workers. Regardless of where they come from, attracting new sources of workers is, and will remain, necessary for businesses throughout Montana.



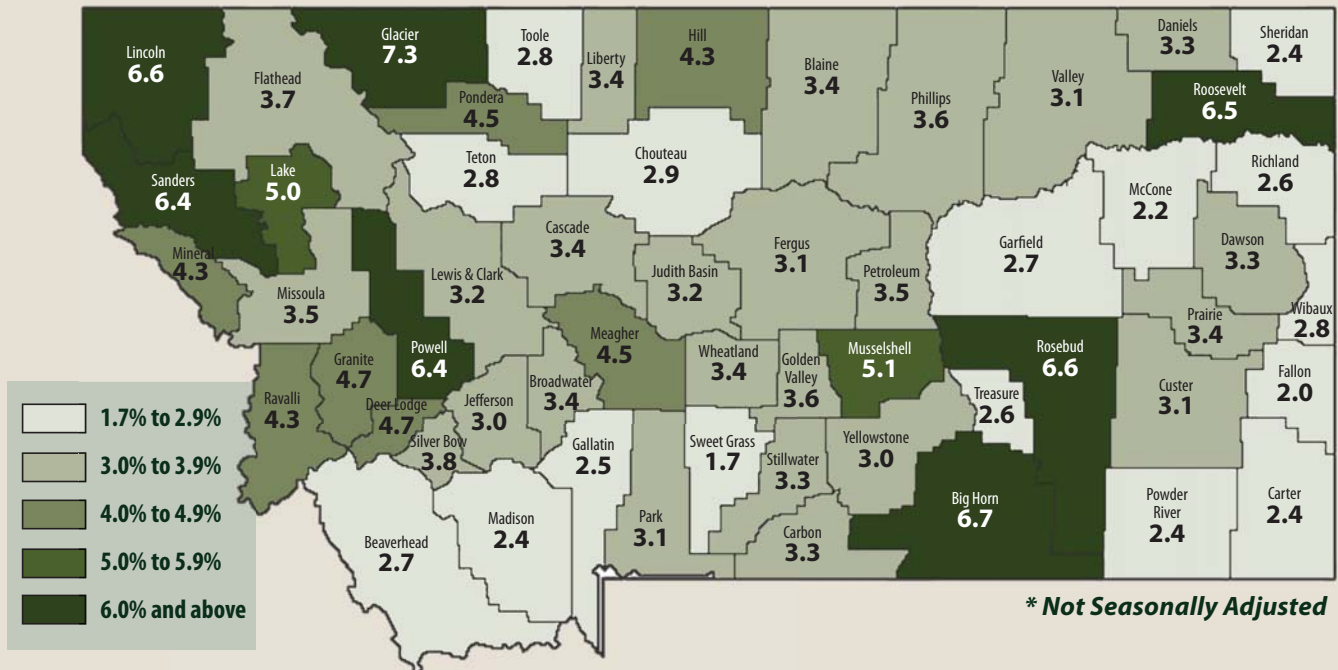
References:

- ¹ Turner, Tyler, "Addressing the Coming Labor Shortage", *Montana Economy at a Glance*, Montana Department of Labor and Industry, Aug. 2007
- ² Current Population Survey, U.S. Bureau of Labor Statistics, 2007 Monthly Average
- ³ Unemployment Rates for Montana Indian Reservations, Bureau of Indian Affairs, U.S. Department of the Interior



County Unemployment Rates* - July 2008

Montana Average Rate: 3.5%



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